

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6733

BILL NUMBER: HB 1058

NOTE PREPARED: Jan 25, 2011

BILL AMENDED: Jan 24, 2011

SUBJECT: Homeowners Associations.

FIRST AUTHOR: Rep. Cheatham

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Attorney General*- The bill authorizes the Attorney General (AG) to bring an action against the board of directors of a homeowners association or individual members of a homeowners association if the AG makes certain findings.

Judicial Remedies- The bill provides for judicial remedies for violations of the statute governing homeowners associations.

Effective Date: July 1, 2011.

Explanation of State Expenditures: (Revised) *Attorney General*- The AG would be able to bring an action against a homeowners association board or a board member if the AG finds that:

- (1) Association funds have knowingly or intentionally been misappropriated or diverted by a board member, or
- (2) A board member has knowingly or intentionally used their position to commit fraud or a criminal act against the homeowners association or the association's members.

Any impact to state expenditures would depend on the AG's decision to investigate and pursue court action. The bill does not make an appropriation to the AG. The AG would have to pursue actions within the constraints of the agency's existing resources. However, the bill would allow a court to award the state a reimbursement of expenses incurred by the AG in an action against a homeowners association board member (see *Explanation of State Revenues*).

Explanation of State Revenues: (Revised) *Attorney General*- Under the bill, the state could recoup investigation and prosecution costs of AG action. A court could order a homeowners association board member, pursued by the AG, to reimburse the state for the reasonable costs attributed to the AG to investigate and prosecute a violation.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General.

Local Agencies Affected: Trial courts.

Information Sources:

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